

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1631

IN THE MATTER OF:

Served November 30, 1976

Application of THE GRAY LINE, INC.,)
for Increased Rates)

Application No. 972

On October 12, 1976, The Gray Line, Inc., (Gray Line) filed the following tariffs:

1. WMATC Tariff No. 10, cancelling WMATC Tariff No. 7, specifying per capita fares to certain racetracks in Maryland.
2. WMATC Tariff No. 11, cancelling WMATC Tariff No. 9, specifying charges for charter and special operations within the Metropolitan District.

On November 3, 1976, Gray Line filed amendments to both tariffs correcting errors in the original filing.

The purpose of these tariff filings was to increase the charges for transportation services provided pursuant to Gray Line's Certificate of Public Convenience and Necessity No. 12. Fares to Bowie and Rosecroft Raceway are proposed to be increased by 50 cents, whether round-trip or one-way, resulting in the following fares:

	<u>Round-Trip</u>	<u>One-Way</u>
Bowie, Maryland	\$4.00	\$2.75
Rosecroft Raceway, Maryland	3.50	2.50

Charter rates for both regular charter and charter sightseeing would be increased by \$2 per hour, regardless of vehicle seating capacity.

"Transfers", or flat rate one-way charter movements, would be increased from \$60 to \$65 per coach between Washington National Airport and downtown Washington, D. C.; from \$60 to \$65 per coach between any two points in downtown Washington, D. C.; and from \$80 to \$90 per coach between Dulles International Airport and Washington, D. C.

Gray Line offers a variety of ticketed sightseeing tours at both individual and group rates. In the present tariff filing, certain tours have been added or deleted. Prices of all tours are proposed to be increased by 10 cents to \$1 per person.

On November 7, 1976, Gray Line published newspaper notice of its application, advising any person desiring to protest or to be heard on the matter to notify the Commission by November 22, 1976. Gray Line also posted a similar notice in its vehicles which remained posted at least through November 22, 1976. No comments were received.

OPERATING REVENUE DEDUCTIONS

For purposes of forecasting the operating revenue deductions to be incurred by Gray Line during the proposed rate year, which would be the calendar year 1977, the actual operating revenue deductions were submitted for the period July 1, 1975, to June 30, 1976. The following table summarizes the operating revenue deductions for Gray Line during the historical period and the future period under the current rate structure and proposed rate structure.

TABLE I

OPERATING REVENUE DEDUCTIONS

<u>Item</u>	<u>Historical Period</u>	<u>Future Period</u>	
		<u>Current Rates</u>	<u>Proposed Rates</u>
Payroll & Fringes	\$1,377,961	\$1,472,611	\$1,472,611
Depreciation	64,422	77,800	77,800
Purchased Transportation	117,486	117,486	117,486
Maintenance	186,769	186,769	186,769
Fees & Admissions	629,083	673,875	673,875
Fuel Items	83,432	91,900	91,900
Revenue Related Items	482,882	533,494	576,199
General & Administrative	<u>479,301</u>	<u>503,266</u>	<u>503,266</u>
Totals	<u>\$3,421,336</u>	<u>\$3,657,201</u>	<u>\$3,699,906</u>

The significance and magnitude of the projected changes are measured by the dollar increase and percentage increase in these items between the historical period and the future period. These increases are set forth in the following table.

TABLE II

DOLLAR INCREASE AND PERCENTAGE INCREASE
IN OPERATING REVENUE DEDUCTIONS

Item	Current Rates		Proposed Rates	
	Dollar	%	Dollar	%
Payroll & Fringes	\$ 94,650	2.6	\$ 94,650	2.6
Depreciation	13,378	.4	13,378	.4
Purchased Transportation	-0-	-0-	-0-	-0-
Maintenance	-0-	-0-	-0-	-0-
Fees & Admissions	44,792	1.2	44,792	1.2
Fuel Items	8,468	.2	8,468	.2
Revenue Related Items	50,612	1.4	93,317	2.5
General & Administrative	<u>23,965</u>	<u>.7</u>	<u>23,965</u>	<u>.7</u>
Totals	<u>\$235,865</u>	<u>6.5</u>	<u>\$278,570</u>	<u>7.6</u>

Payroll and Fringes

Gray Line has projected an increase of \$94,650 in these items for the future rate year. Of that amount, \$44,531 represents increases in drivers' wages. That increase is based upon the scheduled labor contract increases during the future period. The increase represents 6.2 percent of the amount incurred during the historical period. The 6.2 percent factor was determined by comparing the average wage rate for the future period (\$7.05) with the average wage rate for the year ended June 30, 1976, (\$6.64).

Gray Line has projected a \$36,726 increase in all other salaries and wages. This increase reflects changes in the staffing of non-driver positions. Gray Line recently staffed two new positions by upgrading prior positions.

Depreciation

Gray Line has projected a \$13,378 increase in depreciation for the future annual period. The primary basis stated by Gray Line as justification for this increase is the recent acquisition of four motor coaches. These vehicles are depreciated at approximately \$13,500 per year. In addition, Gray Line recently acquired additional service equipment and radio equipment which would be depreciated in the future period.

Fees and Admissions

Gray Line has projected a \$44,792 total increase in fees and admissions expenses. This projection is based on an analysis of the fees

and admissions per tour in the historical period, coupled with the projected 5 percent increase in per capita sightseeing passengers. Gray Line projects a \$17,395 increase in the operating expenses related to per capita tours for fees and admissions. Gray Line also projects a \$5,082 increase in fees and admissions based upon a projected increase in group sightseeing revenues. Finally, Gray Line projects an increase of \$22,315 in fees and admissions related to tours not under the Commission's authority. That amount will not be included in the operating revenue deductions.

Fuel Items

As part of the basis for projecting operating revenue deductions, Gray Line assumed an 8 percent increase in diesel fuel costs. This projected increase is anticipated by Gray Line on the basis of the increases in taxes on fuel. In January 1974, Gray Line paid 43.1 cents per gallon, including state and federal taxes of 12 cents. By December 1975, Gray Line was paying 47.4 cents per gallon, including state and federal taxes of 14 cents. The latest price paid by Gray Line was 47.4 cents per gallon, including state and federal taxes of 14 cents.

According to Gray Line, its average diesel fuel cost increased by 10 percent since July 1974 and 8 percent during the historical period. The Commission shall include the projected 8 percent increase in diesel fuel cost in the future period revenue deductions for purpose of the considerations herein and shall allow for a 2 percent increase in diesel fuel cost in the future period revenue deductions to reflect an increase in operations.

Revenue Related Items

Gray Line stated that certain operating revenue deductions would be increased during the future period as a result of increases in the revenues to be received. These items are commissions, insurance, association dues, gross receipts taxes, and bad debts expense. The increase in revenue deductions is based on an expected \$288,270 increase in revenues.

General and Administrative Expenses

Gray Line has projected a \$23,965 increase for supplies, utilities, postage, legal and audit, and travel and entertainment expenses. The Commission shall include that amount in the future period revenue deductions for purpose of the considerations herein.

OPERATING REVENUES

Racetracks

Gray Line has projected that future period revenues from race-track operations would increase under the proposed fares by \$54,186 from \$274,150 for the historical period to \$328,336 during the future period. Gray Line states that 65,546 passengers used the racetrack service during the historical period. However, Gray Line has included projections for racetracks beyond the Metropolitan District. The Commission shall adjust the projection to reflect only those operations for racetracks within the Metropolitan District. Accordingly, a proposed 50-cent increase in each fare, assuming the same ridership in the future period, would increase revenues by \$10,430. The Commission shall use \$284,580 as the projected revenues from racetrack passengers during the future period for the purpose of the considerations herein.

Sightseeing-Per Capita

Gray Line has projected that future period revenues from individually ticketed sightseeing would increase under the proposed rates by \$354,023 from \$1,844,873 for the historical period to \$2,198,896 during the future period. The projected increase is attributable to adjustment in the passengers during the historical period, an increase in passengers during the future period, and an increase in the rate structure. Gray Line has projected an 11,395 passenger increase during the future period. The Commission believes that this projection is properly supported by the record. Accordingly, for purpose of the considerations herein, that projection of passenger increases will be included in the future period passenger figure.

Sightseeing-Group

With respect to group sightseeing, Gray Line has projected a \$79,979 increase in revenues. This increase is based upon a projected 3 percent growth in group sightseeing passengers and an 8.5 percent increase in the applicable fares. The growth in passenger ridership accounts for \$19,411 of the projected increase, with the remainder resulting from increased fares.

Charter & Transfers

With respect to charter rates, the Commission believes that for the purpose of the considerations herein the historical period revenues should be increased by the average percent increase in the rate structure. Such an increase obviously assumes no change in charter service during the future period as a result of change in the rate structure. The proposed

group sightseeing charter rates would be 10 percent more than the current group sightseeing charter rates. The proposed transfer rate would be 8.3 percent more for transfers involving Washington National Airport and 5.9 percent more for transfers involving Dulles. Accordingly, the historical period revenues of \$657,704 should be increased by \$50,321 to \$708,025 for the future period.

The following table summarizes and compares the historical period revenues and the future revenues used by the Commission for purpose of the considerations herein.

TABLE III
COMPARISON OF REVENUES

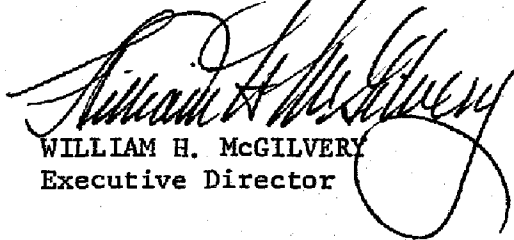
<u>Item</u>	<u>Historical Period</u>	<u>Future Period</u>	<u>Percentage Increase</u>
Racetracks	\$ 274,150	\$ 284,580	3.8
Sightseeing-Per Capita	1,844,873	2,198,896	19.2
Sightseeing-Group	680,389	760,368	11.8
Charter & Transfers	657,704	708,025	7.7
Other	<u>28,978</u>	<u>28,978</u>	<u>-0-</u>
Totals	<u>\$3,486,094</u>	<u>\$3,980,847</u>	<u>14.2</u>

For purpose of the considerations herein, the Commission shall use revenues in the amount of \$3,980,847 for the future period.

The Commission finds that the amount of revenue projected herein as the result of the proposed rate structure is necessary to cover the operating revenue deductions projected herein. Moreover, the projected difference between revenues (\$3,980,847) and operating revenue deductions (\$3,699,906) is \$290,941 or 7.3 percent of the projected operating revenues. Accordingly, an increase in passengers during the future period will not result in an excess return but merely enable Gray Line to realize a reasonable return on its revenues. Furthermore, it should be noted that the primary consideration herein has been whether the proposed rate structures as set forth in the proposed tariffs should be suspended. The Commission has found that the proposed rate structures are just, reasonable, and not unduly discriminatory or unduly preferential either between riders or sections of the Metropolitan District.

THEREFORE, IT IS ORDERED that Application No. 972 of The Gray Line, Inc., for approval of WMATC Tariff No. 10, cancelling WMATC Tariff No. 5 specifying per capita fares to certain racetracks in Maryland, and WMATC Tariff No. 11, cancelling WMATC Tariff No. 9 specifying charges for charter and special operations within the Metropolitan District, be, and it is hereby, granted, effective January 1, 1977.

BY DIRECTION OF THE COMMISSION:



WILLIAM H. MCGILVERY
Executive Director